Via Electronic Submission (rule-comments@sec.gov)

July 12, 2022

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: File Number S7-12-15 *Reopening of Comment Period for Listing Standards for Recovery of Erroneously Awarded Compensation*

Dear Secretary Countryman:

Thank you for the opportunity to submit comments in response to the request for the additional public comments by the U.S. Securities and Exchange Commission on the proposed rule entitled, *"Listing Standards for Recovery of Erroneously Awarded Compensation, File Number S7-12-15".*

In view if the collapse of Greensill Capital in April 2021, which resulted in Credit Suisse freezing $10 billion in bonds, and Tokio Marine refusing to pay insurance policies claiming Greensill "fraudulently obtained" insurance policies, I strongly encourage the SEC to extent the Proposed Rule to require listed companies to adopt Detrimental Conduct Triggers; regardless of whether there is a financial restatement or a material error.

Detrimental Conduct Triggers would include one or more of the following:

- Excessive risk taking
- Engaging in conduct detrimental to the company
- Failure to supervise
- Violation of company policies and codes of conduct
- Gross negligence
- Fraudulent or intentional misconduct
- Reputational and financial harm

The Proposed Rule to also include individuals involved in or who influence decision-making with respect to critical business issues. Individuals would include one or more of the following groups:

- Section 16 officers
- Executive officers in the proxy statement
- Executive officers named in the financial statement
- Directors
- Managing directors

As part of the insurance renewal process for Directors and Officers Liability, insurance broking employees are required to sign a declaration advising of any potential legal action in relation to Errors & Omissions (E&Os). Every client facing insurance broker must declare or insurers will not renew coverage without it.

Declarations regarding potential legal action are common practice for insurers, why shouldn't shareholders expect the same for the reporting of internal fraud or misconduct? Under current clawbacks policies, the scope is narrow and violations difficult to detect and prove. Shareholders are reliant on an antiquated, self-assessment system, which is flawed and not fit for purpose. Post-COVID-19, shareholders have a right to expect a more reliable, broader, and transparent system, and one that involves all stakeholders.

Insurance broking is still heavily reliant on stock options

The use of stock options may have decreased for many in the S&P 500; however, the insurance broking industry is still heavily reliant on the pay-at-risk model. The below table highlights senior executives pay-at-risk for **Marsh** and **Aon**, which is exceptionally high and in the 83-95% range.

Marsh McLennan – Variable Remuneration – Percentage for CEO and NEOs (Named Executive Officers)													
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CEO	90%	91%	93%	91%	88%	89%	89%	89.7%	90%	89%	91%	91%	91%
NEOs	77%	78%	83%	78%	79%	80%	80%	82.3%	81%	82%	83%	83%	83%
Aon – Variable Remuneration – Percentage for CEO and NEOs (Named Executive Officers)													
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CEO	85%	92.8%	88%	89%	88%	89%	95%	90%	89%	90%	90%	92%	92%
NEOs	80%	82.4%	84%	85%	84%	82%	86%	82%	81%	81%	77%	84%	86%

Brokers control the entire supply chain

No other industry in all of commerce has this much power and control. Marsh (Guy Carpenter) exerts the most influence in the supply chain as it also controls the government reinsurance programs for FEMA U.S., [1] and FloodRe U.K. [2] Insurance brokers control:

- the client
- the carrier (insurer)
- the claims process
- the renewal process
- the reinsurance programs for US FEMA and UK FloodRe

The CEOs of Marsh, Aon and Willis have combined wealth of over $1.1 billion

CEOs of the Big Three have amassed a significant amount of wealth and power. As detailed in the table below, collectively they have combined wealth of company stock, options and sales of over $1.1 billion. All three are in positions of power and influence.

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[1] FEMA, 2017-2022, "Traditional Reinsurance Details" The National Flood Insurance Program: Traditional Reinsurance Contracts by Year
[2] Insurance Times, January 24, 2015, "Flood Re names Guy Carpenter as its reinsurance broker"

Questions must be asked as to how it was possible for three CEOs to acquire such largesse while charged with the responsibility of acting in the best interest of clients. Insurance broking is largely responsible for the transfer of risk and the mitigation and management of climate-related financial risks, and therein the health and wealth of the global economy.

		STOCK* (Beneficial Owners - PORTFOLIO)			RECORDED	TOTAL VALUE
		NUMBER OF	PRICE AS AT	$ VALUE	$ SALES	
		STOCK	Nov 15, 2021			
Marsh	Dan Glaser	1,727,471	$167.42	$289,213,195	$198,750,880	$487,964,075
Aon	Greg Case	1,286,723	$301.91	$388,474,541	$190,876,740	$579,351,281
Willis	John Haley	549,296	$229.80	$126,228,221	$0	$126,228,221
TOTAL		3,563,490		$803,915,957	$389,627,620	$1,193,543,577

*Marsh Proxy Statement as at February 28, 2021 (filed March 31, 2021)
*Aon Proxy Statement as at April 8, 2021 (filed April 15, 2021)
*Willis Towers Watson Proxy Statement as at December 31, 2020
www.sec.gov

Case Study – Insurance Brokers

My comments relate to the insurance broking industry, which has an exceptionally high pay-at-risk ratio (refer above below). It's also extraordinary for one other reason: pay-at-risk encompasses all executives across the entire company including legal and HR, which is unusual. Boards should be made to answer why Legal and HR, who deal with compliance and employee issues, are required to meet set financial targets equal to sales executives.

Legal is charged with the responsibility of enforcing the law, compliance processes, and the management of the company's risk. How do financial targets relate to Legal?

HR is responsible for employees and employee relations i.e., recruiting, hiring, onboarding, deployment and termination. Most often, HR is the reporting line for sexual harassment, harassment, bullying, abuse and whistleblowing. How do financial targets relate to HR?

I have used Marsh McLennan as a case study because it is the world's largest insurance broker, and Marsh are leaders in their industry. All information contained within is publicly available.

Lessons learned from COVID-19: Insurance is an essential service

One of the many outcomes from the COVID-19 pandemic was the deeming of insurance to be an essential service. Going forward, an integral component of both client and investor protection is the transparency of insurance related compensation, i.e., how it is derived, achieved and awarded, and the percentage of remuneration at risk for insurance brokers, who control the entire supply chain.

Disproportionate wealth to position is a conflict of interest

An example: On February 23, 2009 the Marsh & McLennan Board (MMC) awarded 11 of its senior executives a total of 4,220,443 shares at $19.04. On July 6, 2022 MMC shares were trading at $158.63. The original 2009 parcel valued $80 million is now worth $669 million. Attached are the share certificates for each of the 11 executives named below.

The awarding of stock to senior executives occurs every February. The below table represents only one year—2009. The 11 executives span the entire organisation: Marsh & McLennan President and CEO, Marsh Chairman & CEO, Operating Company CEOs from: Marsh, Guy Carpenter, Mercer and Oliver Wyman, and department heads from: Finance, Legal, HR and IT.

MARSH & MCLENNAN 2009 EMPLOYEE STOCK AWARDS – ISSUED FEBRUARY 2009							
			STOCK AWARDS			VALUE	
						2009	2022
	NAME	TITLE	Restricted[1]	Options[2]	TOTAL	$19.04	$158.63
1	Brian Duperreault	President & CEO, MMC	105,015	1,307,190	1,412,205	$26,895,444	$224,018,079
2	Dan Glaser	Marsh Chairman & CEO	168,720	653,595	822,315	$15,660,989	$130,443,828
3	Vanessa Wittman	Chief Financial Officer	26,254	326,798	353,052	$6,723,875	$56,004,639
4	Michele Burns	Chairman & CEO, Mercer	26,254	326,798	353,052	$6,723,875	$56,004,639
5	Peter Beshar	General Counsel, MMC	22,972	285,948	308,920	$5,883,381	$49,003,980
6	Peter Zaffino	President & CEO Guy Carp	15,753	196,079	211,832	$4,034,340	$33,602,910
7	Ben Allen	President & CEO, Kroll	15,753	196,079	211,832	$4,034,340	$33,602,910
8	David Nadler	Vice Chairman, Office of CEO	13,127	163,399	176,526	$3,361,938	$28,002,319
9	Orlando Ashford	Chief Human Resources Officer	9,846	122,550	132,396	$2,521,482	$21,001,977
10	John Drzik	President & CEO, Oliver Wyman	9,846	122,550	132,396	$2,521,482	$21,001,977
11	Scott Gilbert	Chief Compliance Officer	7,877	98,040	105,917	$2,017,189	$16,801,614
		TOTAL	**421,417**	**3,799,026**	**4,220,443**	**$80,378,337**	**$669,488,873**

In addition to the above 11, over 2,300 global employees of Marsh and its subsidiaries were also eligible to receive awards in 2011, which averaged 17 employees per country; based on 130 countries that would include country heads, executive directors and managing directors. [3]

As the above tables shows, wealth is disproportionate to position. All are in positions of power and influence; all are conflicted. They are effectively shareholders running the company.

Note the inclusion of general counsel, human resources, and compliance. When the MMC board made the decision in 2009 to award over 4.2 million shares to all of it executive team, it gave no thought as to the long-term repercussions—*and risk is their business.*

In light of the collapse of Greensill Capital in April 2021 (Marsh was the broker from 2014), the MMC board should be questioned as to their reasoning for the inclusion of the general counsel in company stock awards, as it was a future potential conflict of interest. He was a significant shareholder in a position of power and influence overseeing the company's risk management group.

[3] Marsh & McLennan Companies Notice of Annual Meeting and Proxy Statement 2011, March 31, 2011: "Item 3: Approval of Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan," Pages 62-70

Managing the company's legal, compliance and risk management

Risk oversight [4]

Risk Oversight

It is the responsibility of the Company's senior management to assess and manage our exposure to risk and to bring to the Board of Directors' attention the most material risks facing the Company. The Board oversees risk management directly and through its committees. Annually, the Board reviews management's assessment of the Company's key enterprise risks. The Audit Committee regularly reviews the Company's policies and practices with respect to risk assessment and risk management. The Directors and Governance Committee considers risks related to CEO succession planning and the Compensation Committee considers risks relating to the design of executive compensation programs and arrangements. See below for additional information about the Board's committees.

Executive officers of the company [5]

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are appointed annually by the Company's Board of Directors. The following individuals are the executive officers of the Company:

Peter J. Beshar, age 56, is Executive Vice President and General Counsel of Marsh & McLennan Companies. In addition to managing the Company's Legal, Compliance & Public Affairs Departments, Mr. Beshar also oversees the Company's Risk Management group. Before joining Marsh & McLennan Companies in November 2004, Mr. Beshar was a Litigation Partner in the law firm of Gibson, Dunn & Crutcher LLP. Mr. Beshar joined Gibson, Dunn & Crutcher in 1995 after serving as an Assistant Attorney General in the New York Attorney General's office and as the Special Assistant to the Honorable Cyrus Vance in connection with the peace negotiations in the former Yugoslavia.

Compensation of named executive officers [6]

2017 AND 2018 ANNUAL TOTAL DIRECT COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table summarizes the decisions made by the Compensation Committee in February 2018 and February 2017 with respect to the annual total direct compensation of our named executive officers. The compensation decisions reflected here, and the rationale for such decisions, are discussed in "Executive Compensation Determinations" on page 27.

For Mr. Doyle, only February 2018 compensation decisions are shown because he was not a named executive officer in our 2017 proxy statement.

Name		Decision Date	Base Salary	Annual Bonus Award	Annual LTI Award	Total Direct Compensation
Mr. Glaser	MMC President & CEO	2/21/2018	$1,500,000	$4,300,000	$11,000,000	$16,800,000
		2/22/2017	$1,400,000	$4,100,000	$10,500,000	$16,000,000
		Change	+7.1%	+4.9%	+4.8%	+5.0%
Mr. McGivney	MMC CFO	2/21/2018	$ 750,000	$1,650,000	$ 2,250,000	$ 4,650,000
		2/22/2017	$ 750,000	$1,500,000	$ 1,750,000	$ 4,000,000
		Change	0.0%	+10.0%	+28.6%	+16.3%
Mr. Portalatin*	Mercer President & CEO	2/21/2018	$1,000,000	$2,525,000	$ 2,700,000	$ 6,225,000
		2/22/2017	$ 900,000	$2,800,000	$ 2,650,000	$ 6,350,000
		Change	+11.1%	-9.8%	+1.9%	-2.0%
Mr. Doyle	Marsh President & CEO	2/21/2018	$1,000,000	$3,000,000	$ 2,700,000	$ 6,700,000
Mr. Beshar	MMC General Counsel	2/21/2018	$ 800,000	$1,600,000	$ 2,250,000	$ 4,650,000
		2/22/2017	$ 800,000	$1,400,000	$ 2,250,000	$ 4,450,000
		Change	0.0%	+14.3%	0.0%	+4.5%

* Mr. Portalatin's base salary was increased from $900,000 to $1,000,000 effective August 1, 2017. His change in base salary is shown on a year-over-year basis including the mid-year change.

[4] Marsh & McLennan Notice of Annual Meeting and Proxy Statement 2018, March 30, 2018, p. 8: "Risk Oversight"
[5] Marsh & McLennan Companies Annual Report 2017, February 22, 2018, p. 10 "Executive Officers of the Company"
[6] Marsh & McLennan Notice of Annual Meeting and Proxy Statement 2018, March 30, 2018 p. 24: "Executive Compensation"

Stock Ownership of Directors, Beneficial Owners [7]

Stock Ownership of Directors, Management and Certain Beneficial Owners

The following table reflects the number of shares of our common stock beneficially owned by each director and each named executive officer (as defined in the Compensation Discussion and Analysis section beginning on page 21). The table also shows the number of shares beneficially owned by all directors and executive officers of the Company as a group. These common stock holdings are as of February 28, 2017, except with respect to interests in the Company's 401(k) Savings & Investment Plan and Supplemental Savings & Investment Plan, which are as of December 31, 2016. The table also includes the number of shares of common stock beneficially owned by persons known to the Company to own more than five percent of our outstanding shares.

	Amount and Nature of Beneficial Ownership (1)		
Name	Sole Voting and Investment Power	Other than Sole Voting and Investment Power (2)	Total
Anthony K. Anderson (3)	1,000	—	1,000
Peter J. Beshar **MMC General Counsel**	144,882	1,303,068	1,447,950
Oscar Fanjul **Board Director since 2001**	76,961	—	76,961
Daniel S. Glaser **MMC President and CEO**	323,155	3,349,446	3,672,601
H. Edward Hanway	22,168	—	22,168
Deborah C. Hopkins (4)	—	—	—
Elaine La Roche	11,914	2,823	14,737
Mark C. McGivney **MMC Chief Financial Officer**	28,665	68,194	96,859
Steven A. Mills	27,875	—	27,875
Bruce P. Nolop	32,078	—	32,078
Marc D. Oken	38,055	10,000	48,055
Julio A. Portalatin **Mercer President and CEO**	61,583	373,913	435,496
Morton O. Schapiro **Board Director since 2002**	6,720	56,271	62,991
Lloyd M. Yates	24,585	—	24,585
R. David Yost	18,759	18,641	37,400
Peter Zaffino **Marsh President and CEO**	161,338	663,170	824,508
All directors and executive officers as a group (5)	1,086,640	6,422,373	7,509,013

Marsh & McLennan's General Counsel is recorded in the 2017 proxy statement as the beneficial owner of 1,447,950 shares at $83.57, putting the value at approx. $121 million.

[7] Marsh & McLennan Notice of Annual Meeting and Proxy Statement 2017, March 31, 2017, p. 57: "Stock Ownership of Directors"

Insurance broking is reliant on revenue derived from M&A activity

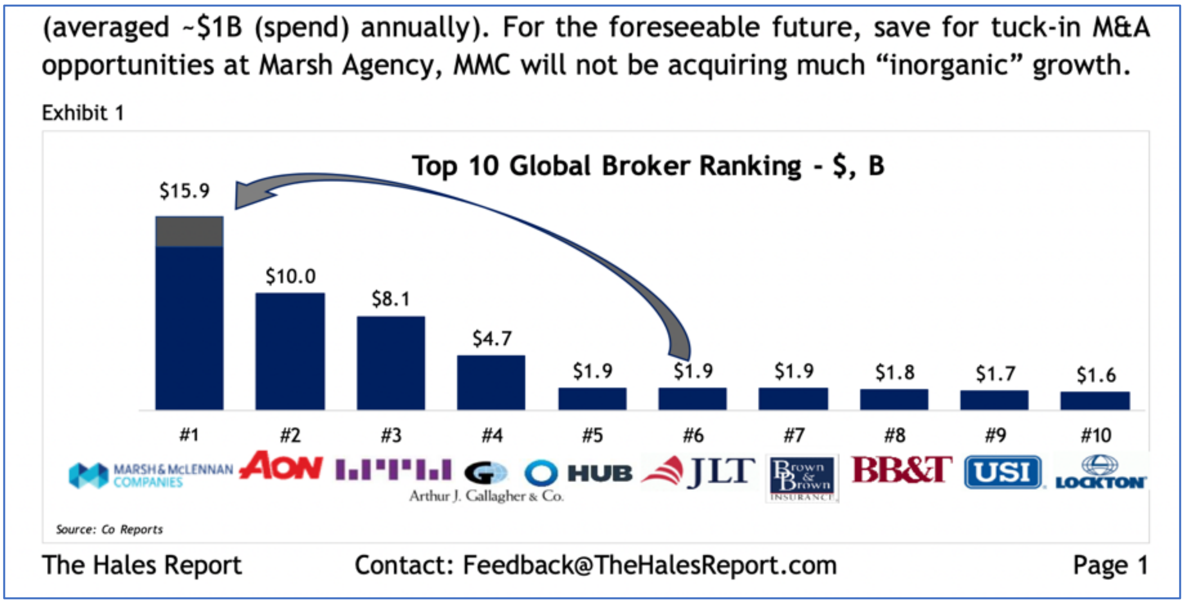
Statistics confirm that the broking model is increasingly reliant on revenue derived from M&A activity and commission from insurers, which is not always conducive to clients, the community or shareholders.

Deloitte reports in the past decade over **4,900 M&As** occurred in the broking industry. [8] It is destructive behaviour with short-term benefits only. It's a vacuous model reliant on M&A activity for the achievement of revenue growth and 'new business'. It is recycled revenue acquired for no other purpose than to meet annual targets and the awarding of executive compensation, which is aggressive and extreme . [9]

In April 2020 McKinsey reported, *"The three global alpha brokers (soon to be two)—Aon plc, Marsh, and Willis Towers Watson—now control at least 20 percent of the commercial lines' broker channel in every global region. In early March 2020, Aon plc and Willis Towers Watson announced their intention to merge in an all-stock deal expected to be completed in the first half of 2021, subject to regulatory approvals. In addition to consolidating, brokers have also developed a business model that has generated significant value for their shareholders over the past decade. Total shareholder returns (TSR) for brokers from 2008 to the end of 2019* ***exceeded 350 percent****, significantly outperforming that of P&C carriers and the* ***S&P 500****."* [10]

Insurance Brokers (all) – Mergers and Acquisitions													
Year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**TOTAL**
M&A	183	240	304	344	239	351	492	457	537	594	611	555	**4,907**

Top 10 Global Broker Ranking [11]



[8] Deloitte, "2021 Insurance M&A Outlook, Powering through disruption" p. 10
[9] Marsh & McLennan Annual Proxy Statements: 2010 p. 30; 2011 p. 27; 2012 p. 34; 2013 p. 36-37; 2014 p. 30; 2015 p. 25; 2016 p. 22; 2017 p. 24; 2018 p. 25; 2019 p. 29; 2020 p. 32; 2021 p. 34; 2022 p. 34
[10] McKinsey, April 2020: "State of Property & Casualty Insurance 2020: The reinvention imperative," p. 20
[11] The Hales Report, October 2, 2018: "Issue #20, Vol: 2"

Executive Compensation [12]

2016 Strategic Performance Measure

For 2016, the Compensation Committee reviewed strategic objectives for each named executive officer relating to operational performance, risk management and human capital. The Compensation Committee and Mr. Glaser (and, in the case of Mr. Glaser, solely the Compensation Committee) assessed each named executive officer's strategic performance as "above target" for the year and determined a payout factor for 2016 strategic performance. The Compensation Committee considered the following in its assessment of each named executive officer's performance:

Name	Description
Mr. Glaser	• Strong underlying revenue growth of 3% and double-digit growth in both adjusted EPS and adjusted operating income • Increase in adjusted operating margin to 20.5%* — our ninth consecutive year of margin improvement • Mr. Glaser's continued leadership of a dynamic and effective leadership team
Mr. McGivney	• Development and execution of effective capital management and financing strategies, supporting deployment across dividends, share repurchases and acquisitions • Execution of the Company's financial plan, including effective management of tax strategies and enhancing the Company's management of its global retirement plans • Mr. McGivney's successful transition into the CFO role and his important contributions to our Executive Committee
Mr. Zaffino	• Risk and Insurance Services (RIS) segment's 3% underlying revenue growth • Establishing and enhancing the executive team within RIS including key leadership appointments to the President of Marsh LLC and the CEO of Guy Carpenter roles • Mr. Zaffino's continued focus on critical growth areas such as Marsh & McLennan Agency, cyber risk, the U.K. small and medium-sized enterprise market and Marsh's digital strategy
Mr. Portalatin	• Mercer's 3% underlying revenue growth • Mercer's increase in net operating income and the corresponding margin improvement • Mr. Portalatin's execution of Mercer's strategy related to growth markets and the development and introduction of new products and initiatives
Mr. Beshar	• Exceptional management of the Company's legal and regulatory risk • Effective integration of our Legal & Public Affairs and Risk & Compliance departments • Mr. Beshar's role as a strategic advisor on key business matters such as mergers and acquisitions, growth initiatives, and legislative matters

* Please see Exhibit A for a reconciliation of our non-GAAP financial measures to GAAP financial measures and related disclosures.

Global broking fees and commissions jump to $137 billion in 2021

UK-based Insuramore says global broking fees and commissions rose 12.5% last year to $US137.6 billion driven by underlying premium rates. [13]

Commercial property and casualty (P&C) retail broking accounted for $US62 billion and P&C private personal lines reached $US13.2 billion. Employee benefits plus life and health totalled $US46.4 billion, reinsurance totalled $US5.5 billion and wholesale, where the broker acts as an intermediary between carriers / underwriters and retail brokers/independent agencies, represented $US10.5 billion. On an inflation-adjusted basis the overall increase was about 8%.

Each of the segments registered double-digit growth last year and, without adjusting for inflation, the top 20 broking groups together achieved an aggregate growth rate of 14.6%, partly supported by merger and acquisition (M&A) activity.

[12] Marsh & McLennan Notice of Annual Meeting and Proxy Statement 2017, March 31, 2017, p. 28: "Executive Compensation"

[13] Insuramore, June 7, 2022, "Worldwide, total fees and commissions earned from insurance broking activity in 2021 were worth around USD 137.6 billion"

Marsh McLennan ranked first for total broking revenues worldwide followed by Aon, WTW, Gallagher and Chicago-based HUB, which focuses on North America. Overall, the top 20 groups are believed to have controlled 50.6% of total global broking fees and commissions last year, Insuramore says.

Close to a half of the world's top 300 broking groups are headquartered in the US and over 80% of those are privately owned. *"Looking ahead, it will be apposite to see whether a continuing stream of M&A activity causes the worldwide market to consolidate in 2022 or if the dynamic growth of some smaller and medium-sized competitors causes the share of the top 20 groups to hold at just over a half of global broking revenues,"* the report says.

CASE STUDY: GREENSILL CAPITAL – CONCENTRATION OF RISK

Concentration of risk

On March 31, 2021 Greensill Capital went into receivership after $4 billion – 40% – of its coverage failed to renew and fell away overnight, which triggered the collapse, and Credit Suisse freezing $10 billion in bonds that were largely used by Greensill to fund its operations.

Below extract from MMC's 2021 Annual Report "Current Matters" [14]

> From 2014, Marsh Ltd. was engaged by Greensill Capital (UK) Limited as its insurance broker. Marsh Ltd. placed a number of trade credit insurance policies for Greensill. On March 1, 2021, Greensill filed an action against certain of its trade credit insurers in Australia seeking a mandatory injunction compelling these insurers to renew coverage under expiring policies. Later that day, the Australian court denied Greensill's application. Since then, a number of Greensill entities have filed for, or been subject to, insolvency proceedings, and several litigations and investigations have been commenced in the U.K., Australia, Germany, Switzerland and the U.S.

Risk Oversight [15]

> **Risk Oversight**
>
> It is the responsibility of the Company's senior management to assess and manage our exposure to risk and to bring to the Board of Directors' attention the most material risks facing the Company. The Board oversees risk management directly and through its committees. The Audit Committee regularly reviews the Company's policies and practices with respect to risk assessment and risk management. The Directors and Governance Committee considers risks related to CEO succession planning and the Compensation Committee considers risks relating to the design of executive compensation programs and arrangements. See below for additional information about the Board's committees.

The below extract appears in all MMC reports, but was omitted from 2021 Annual Report [16]

> **Concentrations of Credit Risk:** Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, commissions and fees receivable and insurance recoverables. The Company maintains a policy providing for the diversification of cash and cash equivalent investments and places its investments in a large number of high quality financial institutions to limit the amount of credit risk exposure. Concentrations of credit risk with respect to receivables are generally limited due to the large number of clients and markets in which the Company does business, as well as the dispersion across many geographic areas.

[14] Marsh McLennan Companies Annual Report: 2021, "Current Matters," p. 109

[15] Marsh & McLennan Notice of Annual Meeting and Proxy Statement 2018, March 30, 2018, p. 8: "Risk Oversight"

[16] Marsh McLennan Companies Annual Report: 2020, "Concentration of Credit Risk," p. 70

The April 2021 collapse of Greensill Capital demonstrates the potential conflict between the placing of risk and employee pay-at-risk. I don't believe these two can be viewed in isolation.

According to Marsh's 2021 financial, *"Marsh Ltd. placed a number of trade credit insurance policies for Greensill. On March 1, 2021, Greensill filed an action against certain of its trade credit insurers in Australia seeking a mandatory injunction compelling these insurers to renew coverage under expiring policies. Later that day, the Australian court denied Greensill's application. Since then, a number of Greensill entities have filed for, or been subject to, insolvency proceedings, and several litigations and investigations have been commenced in the U.K., Australia, Germany, Switzerland and the U.S."* [17]

As reported by the Financial Times, *"Marsh emphasised in a public statement in April 2021 that its job was to be a broker, 'not to be an insurer, banker, or credit analyst'. It 'sought coverage from insurers, who made their own determinations about what risks to cover', the company added"*. [18]

On April 12, 2021 a number of media outlets reported that Greensill Capital owed more than $1 billion to some three dozen entities, including insurance broker Marsh who was owed $2.8 million. [19] On May 7, 2021 Bloomberg reported Marsh & McLennan Cos Inc. as having a claim of $37 million. [20]

Euler Hermes, Coface and Atradius are the three biggest trade credit insurance providers; yet Marsh placed $4 billion of Greensill's policies with BCC. What compelled Marsh's Audit Committee and the general counsel, who are all responsible for managing Marsh's risk exposure, to place 40% of coverage with a small and unknown Australian underwriter Bond Credit & Co (BCC)? A company that was reported in 2019 as having 24 employees and gross written premiums of $A36 million. [21] It was an extreme concentration of risk. So why do it?

To provide some context as to how extreme the concentration of risk was comparisons can be made with another Marsh partner, Chubb Limited, a global organisation with 33,000 employees and whose 2019 financials reported $40 billion in gross premiums written. [22]

According to Chubb Limited's 2019 financials, Marsh generated approximately 10-12% of Chubb's gross premiums written, *"Our investment portfolio is managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single issue and issuer. We believe that there are no significant concentrations of credit risk associated with our investments."*

"We market our insurance and reinsurance worldwide primarily through insurance and reinsurance brokers. <u>We assume a degree of credit risk associated with brokers with whom we transact business</u>. For the years ended December 31, 2019 and 2018, <u>approximately 12 percent and 10 percent</u>, respectively, <u>of our gross premiums written was generated from or placed by Marsh & McLennan Companies, Inc</u>. This entity is a large, well-established company, and there are no indications that it is financially troubled at December 31, 2019.

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[17] Marsh McLennan Companies 2021 Annual Report, February 16, 2022, "Current Matters," p. 109
[18] Financial Times, April 8, 2021: "Greensill's demise turns spotlight on Marsh"
[19] Australian Financial Review, April 12, 2021: "Greensill Australia owes cash to GPT Group, Marsh"
[20] Bloomberg, May 7, 2021: "Greensill's U.K. Creditors Set to Lose 80% After Firm's Collapse"
[21] Tokio Marine Nichido, April 10, 2019, Press Release: "Tokio Marine Management (Australasia) Pty Ltd acquires the Bond and Credit Company"
[22] Chubb Limited Annual Report 2019, February 27, 2020: Financial Summary, p. 1

No broker or one insured accounted for more than 10 percent of our gross premiums written for the year ended December 31, 2017." [23]

Concentration of Risk: Court documents show Marsh was aware it was BCC's largest broker

As reported by the Financial Times court documents indicate that Marsh was aware it was BCC's largest broker, *"We welcome your strong commitment to support Greensill Capital as your largest customer, as well as valuing support for Marsh as your largest broker," added Julian Macey-Dare, a managing director at Marsh, in a message to Toby Guy, a director at BCC."* [24]

Not only did Marsh's Audit Committee, senior management and general counsel expose its own company to a significant risk, but also its client Greensill, Credit Suisse and Tokio Marine, who recently reported that it will not payout on the policies.

"Tokio Marine has found that since at least September 2018, matters material to the underwriting of the policies were fraudulently misrepresented to BCC by Greensill," Tokio Marine said. "There was also a fraudulent failure to disclose material matters to BCC prior to the purported inception of numerous policies, renewals and endorsements." [25]

Greg Brereton, the BCC underwriter was fired by Tokio Marine for exceeding his credit limit by $6 billion. [26] What, if any, procedures were in place at BCC, and how was Brereton able to override them? And why did Marsh's Audit Committee, senior management and general counsel all overlook BCC's concentration of risk and exposure, which was extreme?

The Financial Times reported, *"in late 2019 Brereton was reportedly 'frightened' by the amount of exposure BCC had to the industrialist's businesses."* [27] If Brereton was frightened, as claimed, then why didn't he raise the issue internally at BCC? Questions must be asked as to how Brereton was able to get into such a position, and if he was pressured to exceed his limits. If so, then by whom?

[23] Chubb Limited Annual Report 2019, February 27, 2020: Notes to consolidated financial statements, d) Concentration of credit risk, p. F-79
[24] Financial Times, April 8, 2021: "Greensill's demise turns spotlight on Marsh"
[25] Insurance Business, April 6, 2022" "Tokio Marine accuses Greensill of fraud in tense legal battle"
[26] Australian Financial Review, March 15, 2021: "Rogue Greensill insurer wrote $16b of policies"
[27] Financial Times, March 17, 2021: "The Australian underwriter who provided Greensill Capital's lifeline"

CONCENTRATION OF RISK – CHUBB vs. BCC

Chubb Limited – Concentration of Risk

Chubb Limited: Global insurance and reinsurance organization, headquartered in Zurich, Switzerland. Total assets of $177 billion and shareholders' equity of $55 billion. The Group operates in 54 countries and is serviced by over 33,000 employees.

Gross premiums written for Year Ended Dec. 31, 2019: $40 billion. [28]

In millions of U.S. dollars except per share data and ratios	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018	Percentage Change	Percentage Change Constant Dollars
Gross premiums written	$40,124	$37,968	5.7%	7.0%

Concentration of credit risk: *"For the years ended December 31, 2019 and 2018, approximately 12 percent and 10 percent, respectively, of our gross premiums written was generated from or placed by Marsh & McLennan Companies, Inc."* [29]

d) Concentrations of credit risk
Our investment portfolio is managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single issue and issuer. We believe that there are no significant concentrations of credit risk associated with our investments. Our three largest corporate exposures by issuer at December 31, 2019, were Wells Fargo & Co., Bank of America Corp, and JP Morgan Chase & Co. Our largest exposure by industry at December 31, 2019 was financial services.

We market our insurance and reinsurance worldwide primarily through insurance and reinsurance brokers. We assume a degree of credit risk associated with brokers with whom we transact business. For the years ended December 31, 2019 and 2018, approximately 12 percent and 10 percent, respectively, of our gross premiums written was generated from or placed by Marsh & McLennan Companies, Inc. This entity is a large, well-established company, and there are no indications that it is financially troubled at December 31, 2019. No broker or one insured accounted for more than 10 percent of our gross premiums written for the year ended December 31, 2017.

The Bond & Credit Co – Concentration of Risk

The Bond & Credit Company (BCC). A small and relatively unknown Australian insurance underwriting agency with a product offering comprised of surety bonds and trade credit insurance. The company operates in Sydney and Melbourne and is serviced by 24 employees.

Gross premiums written for Financial Year Ended June 30, 2018: A$36 million. [30]

SYDNEY, Australia, April 10, 2019 (GLOBE NEWSWIRE) -- **Tokio Marine Management (Australasia) Pty Ltd (TMMA)** today announced it has acquired the Bond and Credit Company (BCC). BCC is a specialist product insurance underwriting agency with a product offering comprised of surety bonds and trade credit insurance. The business produced gross written premium of A$36 million in the financial year ending June 30, 2018. BCC employs 24 people and has offices in Sydney and Melbourne.

[28] Chubb Limited Annual Report: 2019, p. 1
[29] Chubb Limited Annual Report: 2019, p. F-79
[30] Tokio Marine Press Release: April 10, 2019 "Tokio Marine Management (Australasia) Pty Ltd Acquires the Bond Credit Company"

LESSONS LEARNED FROM COVID-19 PANDEMIC

Lessons learned from the COVID-19 pandemic

The importance of insurance; the cost of insurance; the ambiguity of policy wording; increasing credit risk exposure; and that the market cannot provide capacity to fully insure.

COVID had an impact on the entire market and on specific clients where liquidity mismatched with underlying assets. The Department of Labor (DOL), the Securities and Exchange Commission (SEC), and the Department of Homeland Security (DHS) all took action to address COVID-19 related challenges. The DHS developed a list of critical and essential business services that were allowed to operate during a pandemic. The Federal Advisory Committee on Insurance (FACI) made recommendations to the Federal Insurance Office (FIO) *"deeming insurance an essential service".* [31]

Unquestionably, insurance is an essential service, as it is largely responsible for the transfer of risk, the mitigation and management of climate-related financial risks, and the health and wealth of the economy.

Effective risk mitigation begins with identifying the threats and hazards facing clients and determining the associated vulnerabilities and consequences. Risk assessment should also include internal threats and hazards.

The information contained within the case study "Concentration of Risk" should provide the SEC with further insight and supporting evidence when evaluating the Proposed Rules for *Recovery of Erroneously Awarded Compensation*. As demonstrated, extreme compensation (pay-at-risk) may influence a broker's decision on the placement of insurance and commission received, which may ultimately have a negative impact on shareholders, who instead become creditors. The collapse of Greensill Capital is an example.

The Big Three, **Marsh**, **Aon** and **Willis** all have clawback policies in place and actively promote them. If the SEC is to evaluate the proposed rule *Standards for Recovery of Erroneously Awarded Compensation*, then it must also consider extreme pay-at-risk, as the two cannot be viewed in isolation.

'The Federal Reserve is the only fire station in town' – Timothy Geithner, 2010

It's worth remembering, some 12-years later, then Treasury Secretary **Timothy Geithner's** testimony before the House Committee on Oversight and Government Reform on January 27, 2010 regarding American International Group's (AIG) excessive risk-taking and role in the GFC:

> *"Such excessive risk-taking should not have been allowed. But it was. Despite regulators in 20 different states being responsible for the primary regulation and supervision of AIG's U.S. insurance subsidiaries, despite AIG's foreign insurance activities being regulated by more than 130 foreign governments, and despite AIG's holding company being subject to supervision by the Office of*

[31] Federal Insurance Office, U.S. Department of Treasury, Annual Report on the Insurance Industry, September 2021: Federal Advisory Committee on Insurance, p. 84

Thrift Supervision (OTS), no one was adequately aware of what was really going on at AIG.

"It is important to remember that the Federal Reserve, under the law, had no role in supervising or regulating AIG, investment banks, or a range of other institutions that were at the leading edge of crisis. But Congress gave the Federal Reserve authority to provide liquidity to the financial system in times of severe stress. Given that responsibility, the Federal Reserve had to act. The Federal Reserve was the only fire station in town."

Thank you for your consideration.

Lyn Magree

Additional snippets of media reporting on the collapse of Greensill Capital.

The former staffer fired last year by Tokio Marine for taking on too much risk insuring securities arranged by Greensill Capital exceeded his maximum limits by $6 billion to guarantee $16 billion, *The Australian Financial Review* has learnt.

Bond & Credit Company (BCC) underwriting manager Greg Brereton was fired last July by the insurance group's new owners, Tokio Marine, for issuing too many insurance policies covering invoices packaged by Greensill, which filed for insolvency last week.

Legal Bid

The court documents were filed March 1 at the Supreme Court of New South Wales as part of a futile effort by Greensill for an injunction to keep the policies from lapsing. They suggest that Brereton, who had been head of trade credit at BCC, played a key role in helping Greensill obtain the insurance. He was dismissed for acting "outside the scope of his delegated authority," the documents show.

New York-based Marsh was clear in its response: this was the first it had heard of a change to Brereton's privileges, and it would provide evidence to BCC of the cover already agreed for Greensill.

"We welcome your strong commitment to support Greensill Capital as your largest customer, as well as valuing support for Marsh as your largest broker," added Julian Macey-Dare, a managing director at Marsh, in a message to Toby Guy, a director at BCC, which was acquired by Japanese insurance group Tokio Marine in April 2019.

The email, part of a series of correspondence that emerged as Greensill

One person familiar with Gupta's financing told the FT in late 2019 that Brereton was reportedly "frightened" by the amount of exposure BCC had to the industrialist's businesses.

The group's relationship with BCC came under growing strain as the questions surrounding Brereton came to light.

"You clarified this morning that your firm have identified a number of internal procedural breaches by Mr Brereton, including policies bound which may not be accurately reflected on your systems," wrote Marsh's Macey-Dare in the July email to BCC.

Macey-Dare noted that these breaches were "internal matters" for BCC,

adding: "Marsh will co-operate with you to provide supporting evidence of contractually bound or offered placements for Greensill, evidencing your exposures."

Marsh, Tokio Marine, Greensill, Macey-Dare and Guy declined to comment. Brereton did not respond to multiple requests for comment.

'Red flags'

BCC was so key to Greensill's insurance arrangements that David Cameron, the former UK prime minister and an adviser to Greensill, had visited its Sydney offices a couple of years previously.

In comparison, Greensill accounted for a small fraction of Marsh's trade credit insurance revenues, according to a person familiar with the matter.

Insurance industry executives say Marsh's July email was an example of a broker using its muscle to hold an insurer to account for promised coverage. A trade credit underwriter at another group said putting weight on the insurer was "something brokers like to do, and with success, sometimes even with larger groups".

In the fallout, Marsh has also faced questions over its communications regarding the insurance cover with Credit Suisse, which packaged up Greensill securities and sold them to its clients.

Yet last year Tokio Marine, the Japanese insurance group that acquired BCC in 2019, said that Brereton had been fired after he insured credit to Greensill "in excess of his delegated authority", with the total exceeding A$10bn ($7.7bn).

Tokio Marine said that "dealings" between Brereton and Greensill were under investigation and insurance coverage would not be renewed, according to court filings. Greensill relied on a shrinking pool of insurers and failed to find an alternative when BCC pulled out.

However, three local contacts of Brereton said it was implausible that he could have amassed the Greensill exposure without the knowledge of management, saying he had been made a "patsy" for the subsequent events.

"In Aussie speak, he'd be a 'good bloke'," said another long-term contact of Brereton, calling him someone "you could have a beer with" — but also an experienced underwriter with a good understanding of risk and credit. "I never considered him to be cavalier," said a former colleague.

What is the role of a broker?

Below extract from the Financial Times [32]

Witness testimony since provided to the English High Court by Lex Greensill, the finance group's founder, revealed the full extent of the reliance that Greensill had built up on BCC: amounting to $10.2bn of cover across 11 policy documents.

Credit Suisse last week released a statement saying Greensill only notified Lara Warner, the lender's chief risk and compliance officer, on February 22 that the insurance would not be renewed — a week before the bank froze the funds.

Credit Suisse declined to comment. Marsh said in a statement late on Monday that the company "was engaged by Greensill as its insurance broker", adding that its role "was not to be an insurer, banker, or credit analyst".

"As Greensill's broker, Marsh Ltd. sought coverage from insurers, who made their own determinations about what risks to cover," Marsh said. "The two policies that were bound in February 2019 expired on March 1, 2021 and remained in effect for their full term."

[32] Financial Times, March, 23, 2021 "Marsh & McLennan scrutinised over role in Greensill collapse"

Greensill Capital hit with fraud allegations by Tokio Marine

Greensill Capital's biggest insurer, Tokio Marine, has alleged the collapsed firm acted "fraudulently" by failing to disclose material information required for insurance and that it will not pay out on policies it inked for the supply chain finance chain group. [33]

> Tokio Marine's statement on Monday marked the first time since the March 2021 insolvency of Greensill that the Japanese insurer had formally accused its client of fraud.
>
> It also provided confirmation that Greensill's insurers would use allegations of misrepresentation as a critical defence against paying out on cover provided to the finance group.
>
> The Greensill policies were underwritten by an Australian subsidiary of Tokio Marine named The Bond & Credit Co. The Japanese parent group said it had found that "matters material to the underwriting of the policies were fraudulently misrepresented to BCC by Greensill".
>
> It added there was a "fraudulent failure" to disclose "material matters" before policies were agreed and extended and that the misrepresentations continued after Tokio Marine bought the BCC operation in 2019 from Insurance Australia Group.
>
> "In light of those fraudulent misrepresentations and fraudulent breaches of an [insured party's] duty of disclosure, Tokio Marine has today advised counterparties that these policies and related obligations are void from inception," the insurer said.

[33] Financial Times, April 4, 2022 "Greensill Capital accused of fraud as battle to recoup losses intensifies"